Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20544

In the Matter of	)	
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Delete, Delete, Delete	)	GN Docket No. 25-133
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COMMENTS OF CAPELLA SPACE CORP.

Capella Space Corp. ("Capella") submits these comments in response to the *Delete, Delete, Delete Public Notice* issued by the Federal Communications Commission ("FCC" or "Commission").[1]

Streamlining the U.S. space-station licensing process should be a national priority. Although the U.S. commercial space industry continues to grow rapidly, delays and complications in licensing remain a significant impediment for many companies. At a time when as many resources as possible should be devoted to innovation and job creation, unneeded regulatory hurdles continue to divert resources towards legal expenses and other compliance costs. As a result, the Commission now has an opportunity to improve the competitiveness of a critical U.S. industry by paring back rules where they do not serve the public interest and reforming uncodified practices and procedures.

One salient example of this is the Commission's requirement for space-station licensees to post surety bonds securing their compliance with the Commission's deployment requirements. Although these rules serve an important purpose in some contexts, developments in the launch services marketplace have led to a class of operators, such as Capella, that proceed from

[1] *Delete, Delete, Delete*, Public Notice, DA 25-219, GN Docket No. 25-133 (rel. Mar. 12, 2025) ("*Delete Public Notice*").

licensing to deployment very quickly, and at a pace that the Commission apparently did not anticipate when it adopted its surety-bond rules.

The Commission has already determined that rote application of this requirement is not always in the public interest. For smaller systems that do not constrain other operations, and when there is reason to expect that the system will be deployed quickly, it has found that a one-year grace period is appropriate. This allows a licensee a chance to deploy quickly and avoid the burdensome bond requirement in cases where the bond requirement would not have served the public interest. Yet the Commission has only applied this reasoning to a single narrow category of licensees rather than applying its logic uniformly. The Commission should take this opportunity to make its rules consistent and delete this requirement generally for systems where the requirement serves no useful purpose: those that 1) do not materially constrain other operations, and 2) meet their interim deployment milestone within one year of licensing.

More broadly, the Commission should continue taking a hard look at its space-station licensing practices for streamlining opportunities. This should include greatly reducing the delay before an application is put on Public Notice and transmitting coordination information to NTIA as early in the licensing process as possible. The Commission's current practice of transmitting this information to NTIA near the end of the process results in significant uncertainty, delay, and unnecessarily restrictive coordination outcomes.

I. THE COMMISSION SHOULD PARE BACK ITS SURETY-BOND REQUIREMENT FOR CERTAIN SPACE-STATION LICENSES.

Section 25.165 of the Commission's rules currently requires each space station licensee—with only a few exceptions—to post a bond within 30 days of the grant of its license to

secure its compliance with the Commission's deployment requirements.[2] Specifically, the licensee must post a $1 million bond, escalating to $6 million over the course of six years. The licensee is relieved of its bond obligations when and if it meets its interim milestone requirement of launching 50 percent of the maximum number of authorized space stations within those six years.[3]

This rule serves an important function: it discourages speculative applications and those intended only to warehouse spectrum or orbital resources. However, the Commission has also recognized that the burdens of this rule significantly outweigh its benefits when 1) the licensed system will not materially constrain future deployments; 2) the licensed space stations are likely to be deployed quickly or have a limited time on orbit; and 3) the licensed system is relatively small.[4]

As a result, the Commission has reasonably determined that, where these criteria are met, the surety-bond requirement should be subject to a one-year grace period, rather than the ordinary 30-day deadline to post a bond after licensing.[5] Yet, under the current rules, only small-satellite licensees get the benefit of this determination, a class that is tightly constrained by other

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[2] 47 C.F.R. § 25.165(a).

[3] *See id.* § 25.165(d) ("A licensee will be relieved of its bond obligation . . . upon a Commission finding that the licensee has satisfied the applicable milestone requirement(s) in . . . [§ 25.164(b)(1)] for the authorization."); *id.* § 25.164(b)(1) (requiring NGSO satellite systems to "launch 50 percent of the maximum number of space stations authorized for service, place them in their assigned orbits, and operate them in accordance with the station authorization no later than 6 years after the grant of the authorization").

[4] *See, e.g., Streamlining Licensing Procedures for Small Satellites*, Notice of Proposed Rulemaking, 33 FCC Rcd. 4152 ¶¶ 3, 51 (2018) ("*2018 Small Sat NPRM*") (explaining the rationale for the then-proposed grace period); *Streamlining Licensing Procedures for Small Satellites*, 34 FCC Rcd. 13077 ¶ 93 (2019) ("*Small Sat Order*") (adopting a one-year grace period for small-satellite licensees); *Space Innovation; Facilitating Capabilities for In-space Servicing, Assembly, and Manufacturing*, Notice of Proposed Rulemaking, 39 FCC Rcd. 1864 ¶ 18 (2024) ("*ISAM NPRM*") (proposing a one-year grace period for ISAM licensees).

[5] *See Small Sat Order* ¶ 93.

eligibility requirements, such as special mass and debris requirements, which have nothing to do with the Commission's bond requirement.[6] In adopting the surety-bond rule, the Commission evidently did not consider the fact that some systems would deploy so rapidly that the requirement would become a counterproductive exercise; or, it wrongly assumed that all such systems would qualify for streamlined processing under the small-satellite rules. As a result, there are many satellite systems—including Capella's—where the Commission's logic dictates that a one-year grace period should apply, but they must nonetheless post bonds within 30 days, with sometimes perverse results.

For instance, after denying Capella's request for a waiver of the surety-bond rules in 2024, the Commission required Capella to post *two separate* $1 million performance bonds within 30 days.[7] In addition to significant administrative costs, the origination of each bond required Capella to pay up-front premiums of approximately $30,000 each—money Capella will never get back. Yet Capella met the 50 percent deployment milestone for one surety bond only 28 days later. [8] For the other, it met the requirement within about 90 days of authorization.[9] Clearly, in such cases, nobody benefits from the surety bond rules except the brokers and insurers who issue the bonds.

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6 *See* 47 C.F.R. § 25.122.

7 Grant of Authority, ICFS File Nos. SAT-LOA-20230718-00177; SAT-AMD-20231013-00249, Condition 22 (granted Mar. 15, 2024) ("Mar. 15, 2024 Grant of Authority").

8 *See* Letter from Nick Barracca, Capella Space Corp., to Satellite Programs and Policy Division Space Bureau, ICFS File Nos. SAT-LOA-20230718-00177, SAT-AMD-20231013-00249 (filed Apr. 12, 2024). With the benefit of hindsight, this means Capella deployed so rapidly that a bond was not even required under the existing 30-day deadline. However, failure to post the bond "will render the license null and void automatically." Mar. 15, 2024 Grant of Authority, Condition 29. Therefore, Capella could not run the risk that a launch delay or other complication might cause it to miss the deadline, given that these surety bonds take a significant amount of time to obtain.

9 *See* Letter from Nick Barracca, Capella Space Corp., to Satellite Programs and Policy Division Space Bureau, ICFS File Nos. SAT-LOA-20230718-00177, SAT-AMD-20231013-00249, SAT-MOD-20240329-00071, SAT-AMD-20240418-00083 (filed Aug. 21, 2024).

Posting these bonds imposes significant costs on operators of small satellite systems, such as Capella and others.[10] Most obviously, as noted above, the bonds cost money. Capella's experience has been that originating each bond costs about $30,000 in premiums, which must be paid up front and are treated as "pre-earned"—meaning that Capella does not get any of this money back, no matter how rapidly it deploys. Originating the bond also imposes a significant administrative burden. These surety bonds are specialized insurance products, requiring an experienced broker, legal guidance to ensure that the bond complies with FCC requirements, and several days of miscellaneous administrative work. Part of this often includes the insurer's review of the licensee's financial statements which is, a time consuming, burdensome, and invasive process. Finally, and especially for early-stage companies, the insurer may require the licensee to fully collateralize the bond, in which case it must not only pay the "pre-earned" premium, but must also post $1 million of its own money as collateral. While the licensee will get this collateral back when the bond is discharged, a requirement to effectively make a $1 million interest-free loan is a major hardship for smaller companies and is also a reportable obligation in financing rounds that could impact investors' debt-to-equity calculations. This meaningfully reduces their working capital and, as a result, diminishes their ability to build satellites, deploy their service, and otherwise develop their businesses.

The Commission can easily address this problem without undermining the purposes of the surety-bond rule. It need only apply the principles it has already articulated, but do so generally and systematically, instead of its current approach of carving out special classes of

[10] *See also* Comments of Kinéis at 17, MD Docket No. 24-85 (filed Mar. 27, 2025) ("[T]he Commission should take into consideration the significant burden that would be imposed on a specific class of authorized networks: pre-operational start-ups that would be compelled to absorb the triple costs of: (1) an application, (2) a bond, and (3) annual regulatory fees, all prior to the generation of any revenues.").

licensees: small-space-station and spacecraft licensees and, under the Commission's recent proposal, In-space Servicing, Assembly, and Manufacturing ("ISAM") licensees.[11] It should, therefore, revise its surety-bond rule to provide a one-year grace period for any licensee where:

1) The Space Bureau determines that the system will not materially constrain future deployments; and
2) The licensee certifies that it reasonably anticipates that it will meet its interim 50% deployment milestone within one year of licensing.

While the second criterion above introduces a degree of uncertainty, the first will ensure that there is minimal, if any, harm from granting a one-year grace period, and that these rules do not create an incentive for speculative filing. Moreover, the very limited relief—a one-year grace period rather than a complete exception from the rule—will continue to create a robust disincentive against warehousing, as the Commission has previously concluded.[12]

As the Commission observed in the *2018 Small Sat NPRM*, a one-year grace period is appropriate before requiring bond to be posted because "applicants for small satellite short-duration missions frequently deploy and begin operations with their satellites within one year or less of obtaining a Commission license. In these instances, once satellites are authorized, there is little opportunity for the applicant to warehouse spectrum that it does not intend to use."[13] Likewise, the Commission proposed a similar one-year grace period of the bond requirements for ISAM licensees in recognition of the fact that many ISAM operators meet their deployment

[11] *ISAM NPRM* ¶ 18 (proposing a one-year grace period for ISAM operators).

[12] *See Small Sat Order* ¶ 96.

[13] *2018 Small Sat NPRM* ¶ 51; *see Small Sat Order* ¶ 96.

obligations without a bond requirement and "ISAM space stations are not likely to have exclusive use of spectrum."[14]

The Space Bureau has recently taken a small step towards addressing the public interest harms of an unnecessarily strict surety-bond requirement, granting Capella a 90-day grace period by waiver.[15] This relief is welcome, though, by failing to grant a one-year grace period, it falls short of rectifying the Commission's inconsistent, and unduly burdensome treatment of similarly situated licensees. Notably, the Bureau's reasoning in granting only a 90-day grace period was not that Capella's requested waiver would be contrary to the public interest but, rather, that these circumstances "are not unique to Capella."[16] All the more reason, then, for the Commission to pare back these requirements generally in cases where they fail to serve the public interest.

II. THE COMMISSION SHOULD ACCELERATE THE REVIEW AND PROCESSING OF APPLICATIONS.

Despite the Commission's well-intentioned streamlining efforts over the last several years and the tireless work of Space Bureau staff, there continue to be many opportunities for improvement in the licensing process. Coordination with other federal spectrum users remains a core challenge, but many of these issues can be addressed by further streamlining at the FCC.

One example of this is the open-ended and often repetitious coordination process applied by some agencies. Due to strained agency resources, federal agencies advise applicants to begin pre-coordinating well before a license application is even filed.[17] The necessary lead time is

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[14] *ISAM NPRM* ¶ 18.

[15] Grant of Authority, ICFS File Nos. SAT-MOD-20240926-00206, Condition 12 (granted Mar. 31, 2025).

[16] *Id.*

[17] *Informal Satellite Frequency Coordination ("Pre-Coordination") Between Commercial and Federal Agencies*, FCC, https://www.fcc.gov/space/informal-satellite-frequency-coordination-pre-coordination-between-commercial-and-federal-agencies (last updated Apr. 5, 2024).

constantly growing such that, today, for an applicant like Capella whose FCC space-station applications have become fairly routine, the NTIA coordination process sometimes requires just as much or even more time than the FCC's own licensing process. Even when an applicant begins pre-coordinating well in advance, the coordination process can effectively restart when the Commission transmits its coordination materials to NTIA—typically in the very final weeks of the FCC licensing process. This kicks off a flurry of new coordination activity as agency coordinators work to interpret the FCC materials and align them with the pre-coordination materials they have been working with for months. This process commonly yields confusion and delay. It can also produce unnecessarily harsh coordination restrictions, as agencies rush to complete coordination before an impending launch date. Such a highly compressed coordination timeline also eliminates any meaningful opportunity to address mistakes or question coordination results.

This is avoidable. The most obvious solution would be for the Commission to transmit coordination materials to NTIA as early in the licensing process as possible. In cases where an application is routine—such as where it seeks merely to add additional satellites to an existing system with orbital and radiofrequency characteristics similar to satellites the Commission has already authorized—the Commission should transmit coordination materials to NTIA at the beginning of the Public Notice period, rather than just a few weeks or days before the license is needed.

The process of putting applications on Public Notice should also be accelerated. While it may take some time for staff to confirm that a complex and novel application is acceptable for filing under the Commission's rules, there is no need to wait months before putting a simple application on Public Notice, such as one that only seeks to add satellites to an existing system.

Rather, the Commission should set a goal of putting this type of routine application out on Public Notice in one or two weeks. In cases where an application seeks waivers, or otherwise requires policy deliberation within the Commission, the Commission should err on the side of engaging in these deliberations *after* putting the application on Public Notice. This way, not only can applications be processed more expeditiously, the Commission can also obtain public input on whatever policy issues the application may raise.

CONCLUSION

The Commission should redouble its efforts to streamline the space-station licensing process to reduce unnecessary delays and eliminate unneeded requirements. This should include modifying its surety-bond requirements to provide a one-year grace period for licensees that will deploy quickly and will not materially constrain other operators. This simple reform would amount to nothing more—or less—than a consistent and rational application of its reasons for providing a grace period for small-satellite operators and proposing one for ISAM licensees.

Respectfully submitted,

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April 11, 2025